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May 5, 2020

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Dominion Energy South Carolina, Incorporated's (f/k/a South Carolina Electric & Gas Company's) Quarterly Financial Report
Docket No. 2006-286-EG

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Service Commission of South Carolina ("Commission") that ORS has reviewed the request of Dominion Energy South Carolina, Incorporated ("DESC" or "Company") for the Commission to issue an order eliminating the 1974 requirements that DESC includes within its quarterly financial reports ("QFR") earnings per share of common stock and its debt coverage ratio of earnings to fixed charges ("Request").

Overview of Company's Request

Commission Order No. 17,648 (the "Order") ordered that South Carolina Electric & Gas Company ("SCE&G") "[f]ile with this Commission quarterly reports commencing June 30, 1974 showing: . . . (c) Earnings per share of Common Stock . . . (e) Debt Coverage Ratio of Earnings to Fixed Charges." Since the issuance of the Order, SCE&G filed QFRs for its retail electric and natural gas operations, and the Company's quarterly reports contain information regarding its earnings per share of common stock as well as its debt coverage ratio of earnings to fixed charges. To calculate SCE&G's earnings per share amount, SCE&G divided its earnings by the weighted

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average number of shares of outstanding common stock of SCANA Corporation (“SCANA”). The Request states that this calculation provided an accurate representation of SCE&G’s earnings per share because SCE&G comprised the majority of SCANA’s consolidated operations. Commission Order No. 2018-804(A) approved the merger of Dominion Energy, Inc. (“Dominion Energy”) and SCANA. The Request states that DESC does represent the majority of Dominion Energy’s operations, and therefore it is “no longer appropriate to calculate DESC’s earnings per share in the same manner that DESC calculated earnings per share prior to the merger between Dominion Energy and SCANA.” The Company is therefore requesting that the Commission issue an order eliminating the requirement that DESC include the earnings per share of common stock in its QFRs.

Additionally, DESC seeks to discontinue including its debt coverage ratio of earnings to fixed charges in its QFRs. The Request states that in August 2018, the United States Securities and Exchange Commission (“SEC”) adopted amendments to Regulation S-K which eliminated the requirement to file an exhibit setting forth the computation of any ratio of earnings to fixed charges. These amendments also eliminated the requirements that issuers that register debt securities disclose the historical and pro forma ratios of earnings to fixed charges and issuers that register preference equity securities disclose the historical and pro forma ratio of combined fixed charges and preference dividends to earnings. Due to these changes in SEC regulations, DESC states that it no longer includes its earnings to fixed charges ratio in its SEC filings. The Company is therefore requesting that the Commission issue an order eliminating the requirement that DESC include its debt coverage ratio of earnings to fixed charges in its QFRs.

ORS Recommendation

ORS reviewed the Company’s Request and its QFRs filed with the Commission. ORS has also reviewed the available quarterly financial reports and quarterly surveillance reports (“QSR”) filed by the electric and natural gas investor-owned utilities that operate in South Carolina and North Carolina.

ORS recommends DESC continue reporting its debt coverage ratio of earnings to fixed charges. This information is a useful metric used by ORS to review the Company’s financial health. Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and Piedmont Natural Gas Company, Inc. currently include the debt coverage ratio in their respective QFRs filed with the Commission¹ and QSRs filed with the North Carolina Utilities Commission (“NCUC”)². In addition, Public Service Company of North Carolina, Inc., DESC’s natural gas affiliate operating in North Carolina, includes the debt coverage ratio in its QSR filed with the NCUC.

¹ Docket Nos. 2006-268-E, 2006-270-E, and 2006-227-G

² Docket No. M-1, Sub 12 et seq.

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Please do not hesitate to contact me if you have any questions.

Sincerely,

s/ Jeff M. Nelson

Jeffrey M. Nelson

cc: All Parties of Record (via e-mail)
David Butler, Esquire (via e-mail)